

The Junk Fee Debate Changes Course

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Hi there - welcome back to the *Regulatory Check-In!*

This week: LA's expanded Transient Occupancy Tax, a securities fraud suit over Microsoft's AI strategy, a Colorado junk fee case with implications beyond residential landlords, the Ninth Circuit blocking Hawaii's gun law on private property, pushback on New York's One Fair Price Act, and merchants turning the junk fee fight on their own payment processors.

Los Angeles TOT Changes Take Effect: LA voters approved Proposition TC in June, expanding the Transient Occupancy Tax (TOT) beyond traditional room rates to cover service fees, resort fees and other ancillary charges. It also updates collection and reporting obligations for hotels and OTAs. If you have LA properties or OTA partners booking LA inventory, review your TOT practices now because previously exempt charges may now be taxable, and the new reporting rules likely mean changes to billing systems and remittance processes.

Microsoft Heads Accused of Lying to Investors on AI Strategy: A new securities fraud suit alleges Microsoft executives overstated the company's AI capabilities and the value of its OpenAI partnership while the company was allegedly infringing copyrights to train its models and losing ground to competitors. This is a vendor risk story. For hoteliers licensing AI-powered tools, this is a good time to ask whether your vendor contracts contemplate AI-specific risks at all. As the legal landscape around these products keeps shifting, that's a gap worth closing in your contracts sooner rather than later.

Tenant Says Colorado Law Forbids Apartment Management "Junk Fees": A Colorado tenant is suing a national property management company, arguing that its fees violate Colorado law even though they were disclosed - because they were disclosed through a "drip" method, showing up incrementally rather than up front. Colorado's consumer protection framework applies broadly across industries, not just to residential landlords, so hospitality operators using similar drip-pricing for resort fees or amenity fees are exposed to the same argument. The takeaway: disclosure alone isn't enough. How and when fees appear matters just as much.

9th Circuit Blocks Hawaii Gun Rule Following High Court Ruling: The Ninth Circuit blocked Hawaii from enforcing a state law that banned firearms on private property without the property owner's consent. The law was government-imposed, not a private policy - meaning it was the state telling property owners that guns were prohibited on their land, rather than letting owners make that call themselves. That distinction matters for hotels. If you already have your own firearms policy (and many hotels do), this ruling doesn't directly override it - private property owners generally retain the right to set their own rules for guests on

their premises. What the Ninth Circuit struck down was the state stepping in to make that decision for property owners by default. For now, hotel-initiated firearms policies remain on different legal footing than state-imposed bans, but this is an area where the line between government regulation and private property rights is actively being drawn. Worth tracking closely.

Travel Tech Joins Coalition Urging Changes to New York's One Fair Price Act: A coalition including the Travel Technology Association is urging Governor Hochul to refine the One Fair Price Act (S.8623B/A.9349B) - a New York State law - before signing it. We've covered this one before. The coalition is worried about a few things: (i) the all-in pricing mandate doesn't square easily with how OTAs actually display rates, taxes, and fees when they're pulling from multiple jurisdictions; (ii) it could accidentally catch legitimate practices like loyalty discounts, AAA rates, and corporate negotiated rates; and (iii) nobody's quite sure how platforms that aggregate listings across state lines are supposed to comply. If you market to New York consumers, the final version of the Act will directly shape how you display rates and pricing.

Merchants Take the "Junk Fee" Fight to Their Payment Processors: Until now, junk fee litigation has been about what businesses charge consumers. Suddenly, merchants are going after the fees their own payment processors charge them. The same transparency expectations regulators have pushed on the consumer side are starting to creep into B2B relationships. A pending class action in North Carolina, brought by dentists against their payment processors over undisclosed fees, is one to watch - the theory translates easily to any high-volume processing relationship, including hospitality.

Until next time.

Los Angeles TOT Changes Take Effect

August 13, 2026 via California Hotel & Lodging Association

Los Angeles voters approved Proposition TC in June, expanding the types of charges subject to the City's Transient Occupancy Tax (TOT) and updating collection and reporting requirements for hotels and OTAs.

Microsoft Heads Accused Of Lying To Investors On AI Strategy

August 12, 2026 via Law360

Microsoft leadership routinely touted the success of the company's artificial intelligence products and its multibillion-dollar partnership with OpenAI even as the tech giant violated copyright laws to train its large language models and fell behind other AI developers, according to ...

Tenant Says Colo. Law Forbids Apt. Management 'Junk Fees'

August 12, 2026 via Law360

A Colorado woman pursuing claims against a national property management company told a federal judge that even though the company disclosed "junk fees" to tenants, the fees still violate Colorado law because they were disclosed recklessly through a "drip" method.

[9th Circ. Blocks Hawaii Gun Rule Following High Court Ruling](#)

August 11, 2026 via Law360

The Ninth Circuit has stopped Hawaii from enforcing portions of a gun law that banned firearms on private property without the property owner's consent, after the U.S. Supreme Court held a gun rights group and three state residents were likely to succeed in their lawsuit challenging that component of the law.

[Travel Tech Joins Coalition Urging Changes to New York's One Fair Price Act](#)

August 7, 2026 via Travel Tech Association

Travel Tech Association, the unified voice for the travel technology ecosystem, joined a coalition of businesses, trade associations, and industry organizations in urging New York Governor Kathy Hochul to refine the One Fair Price Act (S.8623B/A.9349B) before signing it into law.

[Merchants Take the "Junk Fee" Fight to Their Payment Processors](#)

August 5, 2026 via All About Advertising Law

Junk fee litigation has, until recently, been largely a consumer-facing story: diners, online shoppers, and eventgoers challenging the "service," "processing," and "convenience" fees that appear at checkout.

Posted in [The Regulatory Check-In](#)

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